

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

February 8, 2019

Mr. David Bean  
Director of Research and Technical Activities  
Governmental Accounting Standards Board  
Project No. 3-25  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Mr. Bean:

On behalf of the Office of the New York State Comptroller, we are pleased to respond to the Governmental Accounting Standards Board (Board) Preliminary Views (PV), on "*Financial Reporting Model Improvements*".

We are unclear as to the difference between this PV and the second Preliminary Views released concurrently on Recognition of Elements of Financial Statements, and why each requires a separate comment letter. This explains why some of our comments may appear in both letters.

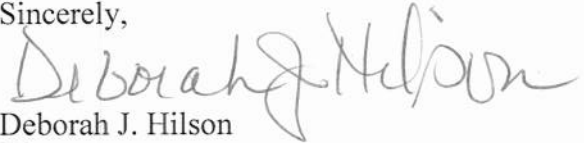
Based on our study of the PV and our participation in the Field Test, we offer the following comments:

- 1.) While we agree with the intention of the PV and that the proposed requirements could improve the current presentation of the governmental funds, we question whether the extent of the efforts and costs that would be involved to implement the changes would be justifiable. Moreover, we are concerned as to how the timeliness of the issuance of the financial statements would be affected by the new requirements.
- 2.) We believe that as improvements in reporting are made, the financial statements should still be relatively understandable to an average reader. We would like to see the continued use of terminology universally known and understood by a majority of the users. The introduction of new terminology would limit the usefulness of the statements only to highly technical users.
- 3.) As preparers of the CAFR, we believe that the resulting standard should include specific guidance as to which transactions are "normally" considered short-term or long-term since "normal" could vary from one entity to another. The second teleconference for Field Test participants was helpful in this regard as it cited more specific examples of transactions and how they should normally be classified.

- 4.) We agree and support the Board's determination that the value provided by a governmental funds Statement of Cash Flows would not justify the cost to prepare and audit the information. Our State budget is on a cash basis and we are statutorily required to present a Cash-Basis report which would result in a duplication of information reported if a Statement of Cash Flows for governmental funds were to be required.
- 5.) We feel that reporting government-wide expenses by natural classification will not add a significant value to our reporting. Our current report is not configured to provide expenses by natural classification and, if implemented, we would incur significant costs and efforts to comply with the standard. Additionally, since the determination of the natural classifications is at the discretion of the governments there will be a lack of comparability between industries.
- 6.) We suggest that when including illustrations of statements, such as the ones in the PV, changes in amounts from the current version of the statements to the new version should be explained either by a footnote or some other means. This would be very helpful to the reader to have a better understanding of the effect of the changes in the standard.

Thank you for this opportunity to comment. If you have any questions or require further details, please feel free to contact me at (518) 486-1234.

Sincerely,



Deborah J. Hilson  
Director  
Bureau of Financial Reporting and  
Oil Spill Remediation